

# Brownfield Redevelopment Utilizing HUD Resources

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# Brownfield Redevelopment utilizing HUD Resources

- What is a Brownfield?
- Brownfield Examples
- HUD Resources

# What is a Brownfield?

A brownfield is an abandoned, idled or under-used real property where expansion or redevelopment is complicated by the presence or potential presence of environmental contamination.

# Brownfield Projects



2006 Statewide Brownfields Conference



Robinson Hospital

2006 Statewide Brownfields Conference

# Primary HUD Resources

- Community Development Block Grant (CDBG) funds
- Section 108 Loan Guarantees
- Brownfields Economic Development Initiative (BEDI)

# Community Development Block Grant (CDBG) funds

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# Community Development Block Grant (CDBG) funds

- HUD awards annual allocations directly to:
  - ◆ Metropolitan Cities
  - ◆ States
  - ◆ Urban Counties



# Community Development Block Grant (CDBG) funds

- FY 2006 CDBG appropriations
  - ◆ \$3.7 billion nationally
  - ◆ \$70,895,355 for Indiana (includes \$31,543,515 for non-entitlement communities)

# Community Development Block Grant (CDBG) funds

- 1998 - legislation passed to include brownfields as eligible CDBG activity
- Eligible brownfields activities
  - ◆ Environmental cleanups
  - ◆ Economic development activities

# Community Development Block Grant (CDBG) funds

- Brownfield activities must meet one CDBG national objectives
  - ◆ Benefit low/moderate income persons
  - ◆ Prevent or eliminate slums or blight
  - ◆ Address conditions - immediate threat to health and safety of community

# Community Development Block Grant (CDBG) funds

## ■ Brownfield activities

- ◆ Incorporate into local government priorities
- ◆ Incorporate into HUD's Consolidated Plan and Annual Action Plan

# Section 108 Loan Guarantees

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# Section 108 Loan Guarantees

- Financing tool for CDBG-eligible communities
  - ◆ Undertake economic development, public facilities, and other eligible large-scale physical development projects
- Authorizes HUD to guarantee notes issued by CDBG-entitlement and non-entitlement units of local government

# Section 108 Loan Guarantees

- Inspires private economic activity
- Provides initial resources
- Provides confidence needed to invest in distressed areas

# Section 108 Loan Guarantees

- FY 2006 Loan Guarantee Authority –\$135 M
- Loan Benefits
  - ◆ Can transform small portion of CDBG
  - ◆ Can pursue major physical/economic revitalization projects
  - ◆ Can renew entire neighborhoods



# Section 108 Loan Guarantees

- Principal security for 108 loan
  - ◆ Pledge of current and future CDBG allocations by local governments
  - ◆ Escrow of funds
  - ◆ Additional collateral

# Section 108 Loan Guarantees

- Section 108 loan applications
  - ◆ Up to five times the public entity's latest approved CDBG entitlement amount
  - ◆ Maximum repayment period –20 years
  - ◆ Loan structured to match needs of project and borrower

# Section 108 Loan Guarantees

- Activities must meet one of three CDBG program national objectives
- Eligible activities include:
  - ◆ Economic development
  - ◆ Acquisition of real property
  - ◆ Rehabilitation of publicly owned real property
  - ◆ Housing rehabilitation

# Section 108 Loan Guarantees

- ◆ Construction, reconstruction, or installation of public facilities
- ◆ Related relocation, clearance, and site improvements

# Section 108 Loan Guarantees

- ◆ Payment of interest on guaranteed loan and issuance costs of public offerings
- ◆ Debt service reserves

# Section 108 Loan Guarantees

- Application Submission Requirements
  - ◆ No specific applications forms
  - ◆ Contact HUD CPD representative for assistance

# Brownfields Economic Development Initiative (BEDI)

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# Brownfields Economic Development Initiative (BEDI)

- Key competitive grant program administered by HUD
- Stimulates and promotes economic and community development
- Designed to assist cities with redevelopment of brownfields sites in economic projects



# Brownfields Economic Development Initiative (BEDI)

- ◆ Can be used to enhance security or improve viability of a Section 108 project
- ◆ MUST be used in conjunction with Section 108 loans
- ◆ Eligible activities – same as cited for Section 108 loan

# Brownfields Economic Development Initiative (BEDI)

- BEDI Notice of Funds Availability (NOFA)
  - ◆ Published in the Federal Register 3/8/06
  - ◆ Application deadline 6/14/06
  - ◆ \$10 million available for grant awards
  - ◆ Maximum award - \$1 million per project

# Brownfields Economic Development Initiative (BEDI)

- Minimum ratio of Section 108 loan to BEDI grant is 1 : 1
- BEDI and Section 108
  - ◆ Fund same economic development project

# Summary

- **IMPORTANT...** Indiana does not permit CDBG funds to be used for Section 108 loan guarantees..... So, BEDI and Section 108 are not resources for non-entitlement communities

# Summary

- **HOWEVER...** Indiana does administer a Brownfields Program with a portion of its CDBG funds

# Resource Information

- Program Information
  - ◆ [www.hud.gov](http://www.hud.gov)
  - ◆ HUD Field Office
    - ◆ (317) 226-6303, x5293